



Item: AC: I-1

AUDIT AND COMPLIANCE COMMITTEE
Tuesday, November 19, 2024

**SUBJECT: OFFICE OF INSPECTOR GENERAL’S (OIG) ANNUAL REPORT OF ACTIVITIES
FOR FISCAL YEAR (FY) ENDED JUNE 30, 2024**

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

In compliance with Florida Board of Governors Regulation 4.002 and the Institute of Internal Auditors Professional Standards, the Office of Inspector General (OIG) is pleased to present this annual report that summarizes the Office’s activities for Fiscal Year (FY) 2023-2024. The report highlights the OIG’s activities and most significant accomplishments during the FY.

As indicated in the report, OIG completed and issued reports for five audits during the fiscal year. The issued reports provided reasonable assurance about established controls and processes for ensuring successful achievement of university goals. The reports also provided management with a total of 25 recommendations on ways to enhance applicable processes and controls.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: OIG’s Annual Report of Activities for FY Ended June 30, 2024

Presented by: Mr. Reuben Iyamu, Inspector General

Phone: 561-297-6493



FLORIDA ATLANTIC UNIVERSITY OFFICE OF INSPECTOR GENERAL



Annual Report of Activities for Fiscal Year Ended June 30, 2024

Reuben Iyamu, MBA, CIA, CFE, CIGA, CIG
Inspector General

Boca Raton

Dania Beach

Davie

Fort Lauderdale

Harbor Branch

Jupiter

November 19, 2024

FAU BOT Audit and Compliance Committee
Dr. Stacy Volnick, Interim President

It is my pleasure to present the Office of Inspector General's (OIG) Annual Report for Fiscal Year (FY) ended June 30, 2024. This annual report is required by the Institute of Internal Auditors Professional Standards and the Florida Board of Governor's (BOG) regulation 4.002, and it highlights our activities and most significant accomplishments during fiscal year 2023-2024.

During the fiscal year, we completed and issued reports for five audits. The issued reports provided reasonable assurance about established controls and processes for ensuring successful achievement of university goals. The reports also provided management with a total of 25 recommendations on ways to enhance applicable processes and controls. In addition to issuing audit reports, OIG performed several other activities throughout the fiscal year that added value to the University's operations.

We would like to thank all levels of Florida Atlantic University (FAU)'s management and staff for their cooperation and support throughout the year. The accomplishments outlined in this report could not have been achieved without the unwavering support and cooperation of the University management and staff. We look forward to continuing to work collaboratively with them to provide value-added services to improve the university's operational efficiency, effectiveness, reputation, compliance with laws and regulations, information security, and data integrity.

Respectfully Submitted,



Reuben Iyamu
Inspector General

cc: University Provost
Vice Presidents
Inspector General, Florida Board of Governors

Our Mission

The Florida Atlantic University (FAU)'s Office of Inspector General (OIG) serves as an internal audit function with the purpose to strengthen the University and its Direct Support Organizations' abilities to create, protect, and sustain value by providing the Board of Trustees (BOT), through its Audit and Compliance Committee (ACC), the University President, and Senior Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The OIG internal audit activities enhance FAU's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Our Vision

OIG's vision is to be a valued partner with FAU management, yet remain independent, in providing auditing (assurance), management advisory, and investigation services that add value, promotes accountability, integrity, and objectivity, and is viewed by the University as essential to the proper functioning of university controls and operations.

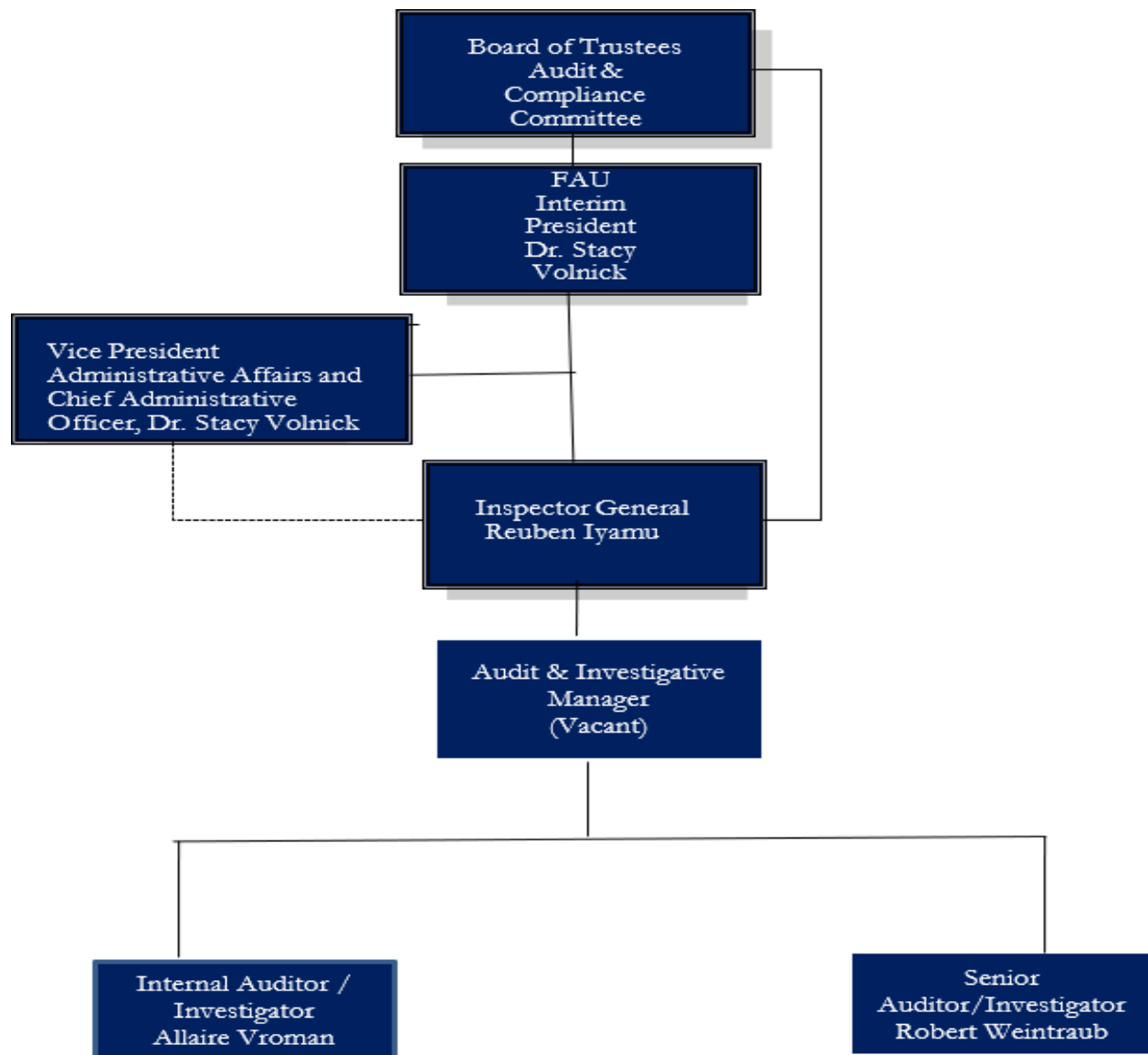
Our Mandate

The Board of Governors (BOG) Regulation 4.002(1) – State University System Chief Audit Executives – states that each University shall have an Office of Chief Audit Executive as a point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the operations of the University. Accordingly, FAU established the OIG to fulfill the responsibilities of the Chief Audit Executive.

Independence and Reporting Structure

OIG is organizationally independent from the University's operational activities allowing us to effectively fulfill our responsibilities without deterrence and be objective in performing our work. The Inspector General (Chief Audit Executive) reports functionally to the ACC of the BOT and administratively to the University President, through the Vice President for Administrative Affairs and Chief Operating Officer.

As shown in the organizational chart below, the Office of Inspector General consists of four full-time professional positions, which includes one staff auditor/investigator, one senior auditor/investigator, an audit & investigative manager, and the Inspector General. The audit and investigative manager's position was vacant during half of this fiscal year.



Professional Standards

As stipulated in the FAU OIG Charter and as required by the BOG regulations, OIG operates under the professional standards promulgated by the *Institute's Internal Auditor (IIA)'s International Standards for the Professional Practice of Internal Auditing* (Red Book) and the *Principles and Standards for Offices of Inspector General* issued by the Association of Inspectors General (Green Book). Also, OIG staff members abide by the University, Institute of Internal Auditor's, and Association of Inspectors General Code of Ethics.

Quality Assurance and Improvement Program

OIG maintains a quality assurance and improvement program that covers all aspects of the internal audit activity, which includes both internal and external assessment components. Quality Assurance Reviews (QARs) are conducted to evaluate conformance with the IIA Professional Standards and the Code of Ethics.

Internal Assessments

The OIG's internal assessment includes ongoing supervisory and independent reviews, as well as periodic internal assessments to evaluate conformance with internal policies and professional standards. A senior member of our office periodically performs internal assessment reviews to assess our continued conformance with all aspects of IIA's Professional Standards and the Code of Ethics.

External Assessments

An external assessment of OIG operations, which is required at least once every five years is performed by an independent Quality Assurance Review team based on the Red Book standards. Our most recent external assessment was completed in November 2022.

Customer Satisfaction Survey Results

Immediately after we issue the reports for our completed audit engagements, we solicit feedback (through Customer Satisfaction Surveys) from the key staff and senior management members with whom we worked during the audits. We are pleased that those who offered feedback to our surveys during this fiscal year, on average, rated the overall level of satisfaction with the services we provided during the audits as 98.6%. One survey result (with an overall average rating of 100%) also confirmed satisfaction with our audit report fairness as well as the working relationship maintained by the auditors, a reflection of continued professional cooperation and trust between our office and those we audit.

OIG Staff Professional Certifications and Professional Affiliations

The OIG staff collectively possesses decades of experience relevant to our profession. In addition to the possession of educational degrees and experience required for their respective positions, OIG staff members hold the following professional certifications:

- Certified Inspector General (1)
- Certified Fraud Examiner (1)
- Certified Internal Auditor (2)
- Certified Inspector General Auditor (1)
- Certified Risk Management Assurance (1)

OIG personnel continue to be active in professional organizations that support audits and investigations. This participation assists staff in maintaining a high level of proficiency in their profession and areas of certification. Members of the OIG are affiliated with the following professional organizations:

- Association of Inspectors General (AIG)
- Institute of Internal Auditors (IIA)
- Association of College and University Auditors (ACUA)
- Association of Certified Fraud Examiners (ACFE)
- Information Systems Audit and Control Association (ISACA)
- Association of Government Accountants (AGA)



The Institute of
Internal Auditors



ISACA®

OIG Staff Continuing Professional Education Trainings

The Institute's *Internal Auditor's International Standards for the Professional Practice of Internal Auditing* (IIA Standards) and the Association of Inspectors General *Principles and Standards for Offices of Inspector General* require Internal Audit staff members to maintain their professional proficiency through continuing education and training. Accordingly, each auditor must receive at least 40 hours of continuing professional education (CPE) every year. For calendar year 2023, each OIG staff participated in several trainings events to fulfill (or exceed) the CPE requirements prescribed by professional standards.

OIG Engagement Performance Activities Relative to Its Work Plan for FY2024

The reports and risk management insights we offer provides members of the BOT's ACC and University leadership with reasonable assurance of the adequacy and effectiveness of the University's internal controls and the achievement of objectives relating to operations, reporting, and compliance. Of the 8,320 available hours for FY2024, OIG budgeted 6,478 (78%) total hours for productive (direct and indirect) activities. Of those budgeted hours, we spent a total of 5,938 hours completing the planned OIG activities. As reflected in the table below, we completed and issued reports for the majority of our planned audits indicated in our work plan for FY2024 and provided twenty-five recommendations to management.

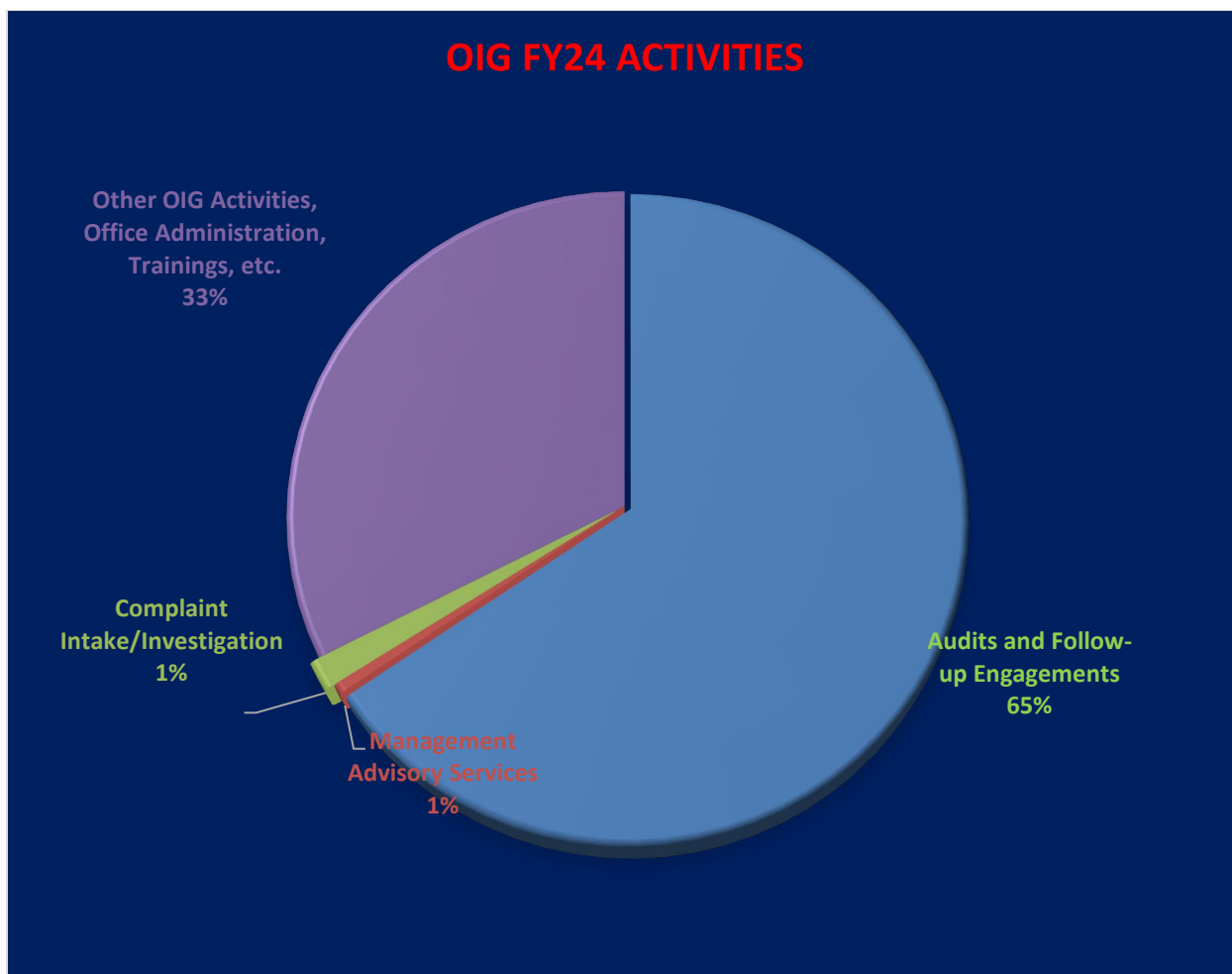
	Audit Projects	Project Types	Report Number	Report Issued Date	# of Issued Recommendations
1	Audit of University Performance Based Funding Data Integrity FY2024	Audit (Assurance Services)	FY24-A-01	Feb. 8, 2024	1
2	Audit of University pCard Program	Audit (Assurance Services)	FY23-A-03	Apr. 17, 2024	8
3	Audit of University's Contract Procurement Process	Audit (Assurance Services)	FY24-A-02	June 4, 2024	1
4	Audit of the University's Cybersecurity Risk and General Controls	Audit (Assurance Services) **	FY24-A-06	June 4, 2024	13
5	Audit of the University's 2023-2024 Post-Tenure Review Process	Audit (Assurance Services)	FY24-A-03	July 1, 2024*	2

* Although this report was issued on July 1, 2024, in accordance with BOG regulation requirement, the audit work was done and completed in fiscal year 2024.

** This project was classified as a follow-up project in the OIG work plan but was subsequently conducted as an audit.

In addition to the above list of completed projects, the following audit engagements from the OIG work plan for FY 2024 were in-progress and nearly completed as of June 30, 2024:

- Audit of the University Internal Debt
- Audit of Student Activity Service Fees and Expenses
- Audit of Florida Residency for Tuition Purposes



Summary of OIG Activities

AUDITS

University Performance Based Funding (PBF) Data Integrity FY2024 (FY23-A-01)

We completed and issued a report on an annual audit of PBF. As requested by BOG, the objectives of the audit were to determine whether the processes established by the University ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the PBF metrics; and to provide an objective basis of support for the University's President and Board of Trustees (BOT) Chair to sign the Data Integrity Certification submitted to the BOT and filed with the BOG.

We concluded that FAU's controls and processes were adequate to ensure the completeness, accuracy, and timeliness of data submitted to the BOG in support of performance-based funding decisions. We also provided one recommendation to improve processes and management developed a correction action plan to address our recommendation.

University Purchasing Card (pCard) Program (FY23-A-03)*

We completed and issued a report on an audit of the University's pCard Program. The objectives of the audit were to determine whether pCard activities and transactions at four selected University divisions/departments were appropriately used for FAU business, supported by required documentation and properly approved/recorded, and in accordance with relevant laws and regulations, policies and best business practices. We also assessed whether the oversight and administrative functions over the pCard program by Financial Affairs were adequate to reasonably ensure pCard program objectives were met.

We found that the pCards reviewed were used for University business and transaction activities were properly approved, supported, recorded, and in accordance with governing laws, regulations, policies, and best practices. In addition, Financial Affairs' oversight activities were generally adequate and ensured the program goals were achieved. We also provided eight recommendations to management on areas we identified as needing further improvements and enhancements in the current practices and controls. Management developed corrective action plans to address the audit recommendations.

* This audit was initiated in FY23 but completed and report issued in FY24.

University Contract Procurement Process (FY24-A-02)

We completed and issued a report on an audit of the University's Contract Procurement Process. The objective of the audit was to determine whether the University's practices and controls for procuring contractual services and commodities ensured contracts were awarded in a fair and competitive manner, provided the best value for the University, and were in accordance with applicable laws, regulations, policies, and best business practices.

Our audit found that the University's contract procurement practices and controls provided reasonable assurance that contracts were awarded in a fair and competitive manner, ensured the best value for the University, and were in accordance with applicable laws, regulations, policies, and best business practices. We also provided one recommendation to management regarding updating the current purchasing guidelines to help strengthen controls and ensure continued compliance with the BOG regulations. Management developed a correction action plan to address our recommendation.

University's Cybersecurity Risk and General Controls (FY24-A-06)

We engaged CliftonLarsonAllen (CLA) for a second time to assist in performing the audit of cybersecurity risk and general controls. The objective of the audit was to assess potential vulnerabilities and the effectiveness of controls to ensure the University's network, data, and systems stay protected from any cyber threats. This audit also examined the University's general controls as a follow-up review of actions taken by management to address the prior audit recommendations.

CLA concluded that, overall, management established and implemented adequate cyber and general controls to provide reasonable assurance that the University's network and systems would be protected from cyber or any other threats. The reports also identified areas for improvements and provided a total of 13 recommendations to help strengthen the University's controls and processes.

Audit of University's 2023-2024 Post-Tenure Review Process (FY24-A-03)

We completed and issued a report on our first periodic (i.e., every three years) audit of the University's Post-Tenure Review Process in compliance with the BOG (Board of Governors) Regulation 10.003. The objectives of the audit were to assess and report on the University's 2023-2024 post-tenure review process and compliance with applicable BOG regulations, State laws, and University regulations and policies.

We concluded that the University is in compliance with applicable State laws, BOG regulations, and University regulations and policies. We also provided management with two recommendations to help improve the current Post-Tenure Review policies, processes, and practices. Management developed correction action plans to address our recommendations.

AUDIT FOLLOW-UP

OIG conducts follow-up audits twice a year (March 31 and September 30) and reports on the status of efforts made by management to satisfactorily resolve and implement the recommendations from our initial audit reports. The purpose of the follow-up report process is to reassure the BOT ACC, President, and respective Vice Presidents that areas identified for improvement in our initial audits were or are being addressed by management. There were no audit recommendations or management action plans that were due for completion during our follow-up periods.

MANAGEMENT ADVISORY SERVICES

OIG provides advice to University management on certain topics without providing assurance or taking on management responsibilities. Such services are generally performed either at the specific request of management or as determined through a risk assessment and included in OIG's annual approved work plan. OIG is committed to providing proactive advice on internal controls, operations, and compliance on an on-going basis. During this reporting period, OIG (among other advisory services) assisted or collaborated with management to help address certain minor risk related issues and/or concerns.

INVESTIGATIONS

OIG is responsible for performing non-criminal investigations of fraud, waste, abuse, and mismanagement of university resources. OIG may receive complaints or concerns (most of which are anonymous) from the Anonymous Complaint form on OIG's website, the University's third-party complaint intake system, directly from an individual, or referred by BOG's Inspector General, State of Florida Chief Inspector General, or other State agencies. Received complaints are logged and assessed to determine whether the complaint is whistleblower related, contains sufficient information, and is significant and credible to warrant an investigation. Some received complaints are not within the jurisdiction (or do not rise to the level) of an Inspector General investigation. Such complaints are referred to appropriate management for action. The ones considered not to be credible and did not provide sufficient information are closed out.

Out of 29 complaints or concerns received by OIG during this fiscal year, 26 were referred to appropriate management, 2 were closed out for lack of credibility or sufficient information, and one was addressed by the IG.

Other OIG Activities

In addition to the planned direct services, OIG provided administrative and service delivery support. Examples of the most significant other activities included: preparation of the annual risk analysis and work plan for FY2025; our annual report; coordinating activities with external auditors; addressing personnel matters; participation in the State University System community; and general internal administration of the Office, including staff meetings.

OIG Future Goals

- Continue to work collaboratively with the University management and staff to provide value-added services and proactive advice on internal controls, operations, and compliance on an on-going basis.